

## Message Text

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ACTION PM-04

INFO OCT-01 ARA-06 ISO-00 NSC-05 SP-02 SS-15 CIAE-00

INR-07 NSAE-00 L-03 EB-07 MC-02 IGA-02 AID-05 OMB-01

TRSE-00 /060 W

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R 111100Z SEP 76

FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC 7777

SECDEF WASHDC

INFO JCS WASHDC

USCINCSO QUARRY HEIGHTS CZ

CSA WASHDC

CSAF WASHDC

CNO WASHDC

CHMN USDEL JBUSMC RIO DE JANEIRO

CHMN USSAG RIO DE JANEIRO

C O N F I D E N T I A L BRASILIA 7890

E.O. 11652: GDS

TAGS: MASS, BR

SUBJ: SALE OF REVERSIONARY RIGHTS FOR MAP PROVIDED NAVY/  
MARINE CORPS MATERIAL

REFS: A) SECDEF 06 1745Z AUG 76

B) BRASILIA 6098

C) CHMN USDEL JBUSMC/CONUSMILGP RIO DE JANEIRO 16 2300Z MAR  
76

1. REF A ADVISED OF DSAA AUTHORIZATION TO CONCLUDE THE SALE OF  
REVERSIONARY RIGHTS TO MAP PROVIDED ARMY MATERIAL TO THE GOVT OF  
BRAZIL FOR A LUMP SUM PAYMENT OF \$300,000. THE MATERIAL IN QUESTION  
WAS IDENTIFIED IN REF B AS FOLLOWS:

A. SERVICEABLE AND UNSERVICEABLE/REPAIRABLE EQUIPMENT     \$31.2M

WHICH THE BRAZILIANS WISH TO RETAIN,

B. UNSERVICEABLE EQUIPMENT AWAITING DISPOSITION,     \$ 0.8M

C. UNRESOLVED DIFFERENCES IN BRAZIL/S SURVEY OF ARMY     \$ 7.3M

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MAP PROVIDED ITEMS.

REF B ALSO ADVISED THAT THE ESTIMATED SCRAP VALUE OF 1A AND 1B ABOVE TO BE APPROXIMATELY \$276K.

2. TO DATE, THE BRAZILIAN NAVY (BRAZNAV), ALTHOUGH GIVING SOME INDICATIONS THAT IT TOO WAS INTERESTED IN PURCHASING REVERSIONARY RIGHTS TO MAP PROVIDED NAVY AND MARINE CORPS MATERIAL, HAS ALSO INDICATED A RELUCTANCE TO MAKE SUCH AN OFFER ON THE GROUNDS THAT IT MIGHT BE REFUSED. NOW, ENCOURAGED BY DSAA'S ACCEPTANCE OF THE BRAZILIAN ARMY'S OFFER, BRAZNAV HAS FORMALLY INDICATED WILLINGNESS TO OFFER \$200,000 FOR THE REVERSIONARY RIGHTS TO NAVY/MARINE CORPS MAP MATERIAL; PROVIDED THEY RECEIVE ASSURANCES THAT, IF TENDERED, THE OFFER WOULD BE ACCEPTED. THE PROSPECTIVE BRAZNAV OFFER ENCOMPASSES THE FOLLOWING MAP-M MATERIAL, HAVING A TOTAL ACQUISITION VALUE OF \$14.325M.

A. SERVICEABLE/UNSERVPREABLE/REPAIRABLE MATERIAL WHICH \$1.311M  
BRAZNAV WISHES TO RETAIN,

B. UNSERVICEABLE EQUIPMENT AWAITING DISPOSITION, \$7.147M

C. UNRESOLVED DIFFERENCES IN BRAZIL/US SURVEY OF NAVY/ \$5.867X  
MARINE  
ORPS MAP-M MATERIAL.

3. THE NAVY/MARINE CORPS MAP-M PROGRAM FOR BRAZIL CONSISTED, ACCORDING TO THE DSAA PRINT OUT, OF MATERIAL AND SERVICES VALUED AT \$109.496M. OF THIS TOTAL, \$61.671M HAS BEEN DISPOSED OF, \$20.498M HAS BEEN EXPENDED, \$10.742M HAS BEEN SOLD TO BRAZIL UNDER FMS PROCEDURES, AND \$2.260M IS CURRENTLY ON LEASE; LEAVING THE REMAINDER OF \$14.325M SPOKEN TO IN PARA 2.

4. BASED UPON SCRAP VALUE ESTIMATING TECHNIQUES WHICH WERE ADDRESSED IN DETAIL IN APPENDIX C TO REF C, THE SCRAP VALUE OF ALL THE MATERIAL IN THE SERVICEABLE/REPAIRABLE AND NONSERVICEABLE/NON-REPAIRABLE CATEGORIES (OF WHICH ALMOST 85% PERCENT OF THE DOLLAR VALUE REPRESENTS MATERIAL IN R-4 OR WORSE CONDITION), IS ESTIMATED TO BE \$88,700. FURTHER, EVEN IF THE SCRAP VALUE OF ALL UNRESOLVED DIFFERENCE ITEMS WERE ADDED TO THIS FIGURE, THE TOTAL SCRAP VALUE WOULD INCREASE TO ONLY \$106,900.

5. IN VIEW OF THE FOREGOING, IT IS CLEAR THAT A BRAZNAV OFFER OF \$200,000 IS NOT ONLY FAIR, BUT LIBERAL IN VIEW OF OUR ACCEPTANCE OF THE BRAZILIAN ARMY'S OFFER OF \$300,000 FOR EQUIPMENT WHOSE SCRAP VALUE WAS 276K. IT IS THEREFORE STRONGLY RECOMMENDED THAT WE BE AUTHORIZED TO ACCEPT THE OFFER WHEN TENDERED AND SIGN A CONTRACT OF SALE SIMILAR TO THAT BEING USED IN THE CASE OF THE ARMY SALE.  
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CRIMMINS

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## Message Attributes

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**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** MILITARY ASSISTANCE, MILITARY SALES  
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**Draft Date:** 11 SEP 1976  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
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**Disposition Approved on Date:**  
**Disposition Authority:** greeneet  
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**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
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**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
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**Page Count:** 2  
**Previous Channel Indicators:** n/a  
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**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** greeneet  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 16 JUL 2004  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <16 JUL 2004 by CunninFX>; APPROVED <27 OCT 2004 by greeneet>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
04 MAY 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** SALE OF REVERSIONARY RIGHTS FOR MAP PROVIDED NAVY/ MARINE CORPS MATERIAL  
**TAGS:** MASS, BR  
**To:** STATE DOD  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006